The principal corporations and companies that are under governmental control are the Philippine National Bank, the Manila Railroad Company, the Manila Hotel affiliated with the Railroad Company, the National Development Company, and the Cebu Portland Cement Company. The National Development Company, created with grandiose aims, is more of a paper organization than anything else. The National Coal Company has been closed out after a large deficit was written off the books. The bank, the railroad, the hotel, and the cement company are going concerns. They generally have proved profitable except that the Philippine National Bank in its early days loaned large amounts of money on questionable securities and in so doing brought the Government dose to bankruptcy.

The Philippine Government's incursion into the banking field has passed through two phases. The first is a sordid tale of nearly unbelievable mismanagement, graft, and the violation of every rule that good banking practice dictates. The second is a factual report of prudent management, honesty, and conformity to accepted business principles.

The Philippine National Bank was created in 1916. Dr. H. Parker Willis, Secretary of the United States Federal Reserve Board, came out to see the bank started. Then Mr. Samuel Ferguson, an employee of the Government who had seen service in the Supreme Court and in the office of the Governor-General, but without previous banking experience, was put in charge. He was succeeded in the presidential office

by General Venancio Concepcion, also without banking experience. General Concepcion later served a prison term.

In 1919 the affairs of the bank were examined by Mr. F.

[6] **Section read by Hon. Miguel Cuaderno, Vice President of the Philippine National Bank.**